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Abstract

The creation of a European company or a Societas Europaea (SE) has been a possibility for companies within the EU since 2004. This paper investigates how non-headquarter employee representatives in SE works councils experience their influence on managerial decisions. It examines the case of the first SE present in Denmark, MAN Diesel & Turbo, which became a SE in 2006 and has its headquarter in Germany. Empirically the paper is based on interviews with two shop stewards from the MAN Diesel & Turbo production site in Copenhagen and with the local site manager as well as a secondary analysis of existing literature on MAN Diesel & Turbo and on SEs. The case study shows that the participation in the SE works council has led to increased influence for the Danish employee representatives not only at European level but also at local level.

Key words

European Company – Societas Europaea, employee participation, employee influence, Europeanization, headquarter representatives, non-headquarter representatives

Introduction and background

The creation of a European company or a Societas Europaea (SE) has been a possibility for companies within the EU since 2004 (Keller & Werner 2008, 2012). This is an attractive alternative for managers, as it makes it easier to move headquarters from one country to another and it allows managers to skip part of the national bureaucracy in member states, where the company is present (Gold & Schwimbersky 2008). It is, however, a precondition that managers and employee representative negotiate the conditions for information and consultation, i.e. the conditions for a SE works council (SE-WC), and the conditions for a SE company board with the participation of employee representatives. Both forms of participation is obligatory, if they existed before the company was converted into a SE (Knudsen & Müller 2008; Rosenbohm 2013). This supplies the employee representatives with a de facto right of veto, which distinguishes the regulation of participation in the European Company from the regulation of participation in European works councils (EWCs) (Stollt & Kluge 2011). If the representatives do not agree with management on the terms and conditions of the SE-WCs and SE boards, there will be no European company. Today, a total of 234 SEs with more than five employees are registered (Rosenbohm 2013). However, they are not evenly distributed among the EU member countries. More than half of the SEs created are present in Germany, whereas only few SEs are found in Scandinavia (Rehfeldt et al.

2011). A suggested explanation is that SE regulations allow German managers to reduce the number of German employee representatives at company boards compared to German legislation (Keller & Werner 2008, 2012).

Case studies have suggested that the creation of European companies can increase employee influence trough transnational works councils in two different ways; 1. SE-WCs are created in companies, which previously did not have EWCs, or 2. SE-WCs replace EWCs in ways that improve the influence of employee representatives (Rosenbohm 2013). However, it is an open question, whether the improvement in the latter case both goes for headquarter and non-headquarter representatives. The different regulation of employee participation in the European Company Statute compared to the European Works Council Directive could be an argument for increased influence for non-headquarter representatives. The creation of a European Company (and a SE-WC) is based on employer initiative – the negotiation on a EWC is based on employee initiative (Stollt & Kluge 2011). The fact that employers might have strong incentives to create a SE (fewer employee representatives at company boards, easier to move headquarters, less bureaucracy) and that employee representatives are given a de facto right of veto increases the bargaining power on the side of the employees. Furthermore, moving from a EWC to a SE-WC, the composition and the rules of the works council are re-negotiated, which give all employee representatives (including

non-headquarter representatives) the possibility to make use of this bargaining power and change the existing conditions for information and consultation.

This paper investigates how non-headquarter employee representatives in SE-WCs experience their influence on managerial decisions. It examines the case of the first SE present in Denmark, MAN Diesel & Turbo, which became a SE in 2006 and has its headquarter in Germany (Pedersen 2006). Does it make a difference for employee representatives at a production site in another country far away from company headquarters to participate in a SE-WC? Does it increase their influence on managerial decisions – op perhaps the opposite? Empirically the paper is based on interviews with two shop stewards from the production site in Copenhagen, who have participated in the SE-WC, and with the local site manager. The paper also draws on written agreements concluded by the company in relation to transforming it into a SE. Furthermore, it includes a secondary analysis of the existing literature on MAN Diesel & Turbo, SEs, EWCs and employee influence. The paper is structured in the following way. First, it introduces the theory used. Second, the methods of the case study is described and third, the analysis is presented. The last section summarises the conclusions of the study and discusses their implications.

Theoretical perspectives on employee influence in transnational works councils: headquarter vs. non-headquarter representatives

Numerous studies have described the gains and challenges of the establishment of a EWC, which has been an option since 1994 and therefore has a longer history than the SE-WC (Waddington 2003; Knudsen 2004, 2008; Whittall et al. 2009a; Whittall et al. 2009b). One of the challenges has been to create an interest among employee representatives to join and engage in EWC work. This is especially true for employee representatives from company headquarters. These representatives already have access to top management and often cooperate closely with them. They might prioritise this influence more than the potential influence that can be obtained in an EWC (Bicknell 2007; Knudsen 2008). Conversely, representatives from non-headquarter sites can be more motivated to prioritise EWC participation, because this is their only chance to gain access to top management. However, headquarter and non-headquarter representatives not only differ with regards to their level of interest in EWC work. Often, they also differ in bargaining power. If plants in a multinational cooperation are to be closed, employee representatives and site managers hope that top management will not pick their plant. In this situation, managers and employee representatives at the headquarter site are likely to make use of their proximity to top management, which gives them an advantage to managers and employee representatives at the other sites

(Hancke 2000). In other words, headquarter and non-headquarter representatives in transnational works councils can be fierce competitors, and we can expect power struggles and use of relevant competitive advantages – especially on topics of *tactical* or *strategic* importance (Knudsen 1995). Questions with a more *operative* character or *welfare issues* must be expected to cause less trouble among the participants, however, they might also be less relevant in a transnational than in a local setting (Knudsen 1995). Power struggles between employee representatives in transnational works council can result in lower degrees of employee influence for some participants (*information*, or perhaps no information), whereas others succeed in attaining higher levels of influence in relation to top management (*consultation* or *co-determination*). Below is presented an overview of different degrees of influence vs. importance of the subject discussed with management:

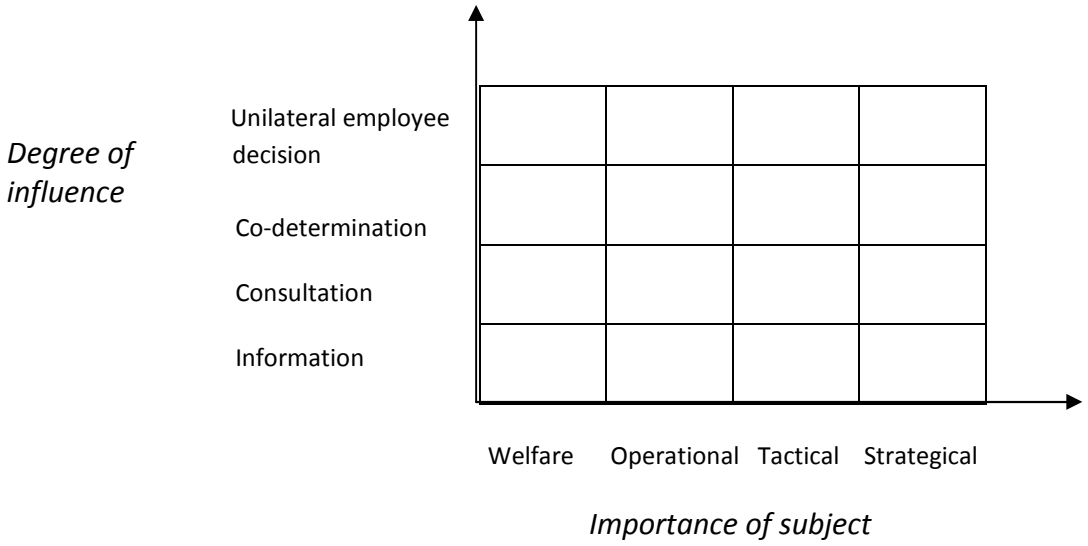

Figure 1: *Degree of influence vs. importance of subject*. Source: Knudsen 1995, p. 12.

It has often been demonstrated how the coordination of bargaining objectives among employee/union representatives and their constituencies, i.e. the process of *intra-organisational bargaining*, forms a larger challenge to employee representatives than to managers (Walton & McKersie 1965; Walton et al. 1994; Ilsøe 2012). Employee representatives must coordinate bargaining objectives in a flat structure across heterogeneous groups of employees, whereas managers often negotiate from the very top of a managerial hierarchy . The challenge of intra-organisational bargaining can only be expected to be even more serious in transnational works councils like EWCs or SE-WCs with representatives from different countries and company sites. This might be a good

argument for headquarter representatives to try to control transnational works councils as control can ease and shorten the coordination process. Studies of EWCs have shown that headquarter representatives in some cases make such explicit use of their larger bargaining power and dominate the EWC completely - both power-wise and thematically (a so-called *ethnocentric EWC*) (Perlmutter 2004; Bicknell 2007). In others cases, headquarter and non-headquarter representatives create a forum with a more equal distribution of bargaining power and which focuses on different issues in different countries (a *polycentric EWC*). Sometimes, all employee representatives are able to create a truly equal bargaining power among participants and keep a strict European focus on possibilities and problems (a *eurocentric EWC*). Interestingly, the distribution of bargaining power seems to correspond with the focus of the EWC work (headquarter preferences, national issues, European perspective), which underline the decisive importance of the bargaining power among participants for the internationalisation of transnational works councils.

Methods

The case study is first and foremost based on interviews with two shop stewards, who have participated in the SE-WC, and the site manager from the MAN Diesel & Turbo production site in Copenhagen, Denmark. The site manager was included in the study

to validate the evaluations made by the shop stewards. If the shop stewards would report an increase/decrease in influence and he confirmed this picture, it would be a strong statement. We selected the two shop stewards from MAN Diesel & Turbo in Copenhagen with the most experience from SE-WC participation for the study. One of the shop stewards had recently retired at the time of the interview, but had participated in the negotiations of the SE-agreement and was a former member of the SE-WC (Shop steward 1). The other shop steward (Shop steward 2) is the current member of the SE-WC from the Copenhagen production site. The site manager and shop steward 2 were interviewed simultaneously and on site, whereas shop steward 1 was interviewed separately outside the company. All interviews were conducted in September 2011 and transcribed in full. Interview guides for the shop stewards included questions on the current set-up of the SE-WC (composition, procedural rules etc.), their influence on top-management, their bargaining power compared to other employee representatives in the SE-WC, their influence on local managerial decisions and the impact of the creation of the SE-WC on their overall influence. Citations to be used in the final analysis were translated into English by the author and approved by the informants afterwards. The strategy of analysis was thematic. First, interviews were read and an open coding was performed. Afterwards, interviews were categorised in main themes.

The case study also included a secondary analysis of available literature on the subject of European companies and transnational works councils and available literature on MAN Diesel & Turbo SE (and the previous MAN Diesel SE). Furthermore, all relevant agreements concluded at MAN Diesel & Turbo, Denmark, was studied. This desk research was among others used to prepare and qualify the semi-structured interview guides for the interviews. The result of this research is presented in the section below, which describes the creation of the SE-WC at MAN Diesel & Turbo. The analysis of the interviews follows immediately afterwards.

The creation of the SE-WC at MAN Diesel & Turbo

The MAN Diesel SE was created in 2006 as the first European Company in the EU (Knudsen & Müller 2008). Before the conversion employees were represented in a EWC at MAN Diesel named the Euroforum, which had existed since the mid 1990s. Although MAN Diesel at the time had production facilities in France, England and The Czech Republic, only employee representatives from the two countries with the largest production facilities, Germany and Denmark, participated in the Euroforum (4 German representatives and 3 Danish representatives) (Knudsen & Müller 2008). The current works council, MAN Diesel & Turbo SE-WC, is a result of a merger between MAN Diesel SE and the company MAN Turbo in 2010. There is 14 seats in the SE-WC in MAN Diesel

& Turbo SE, which is distributed in the following way: 9 German representatives, 2 Danish representatives, 1 French representative, 1 Czech representative, 1 representative from small sites. Furthermore, there are two permanent guests: one from Zürich and one from Berlin. In 2009 the MAN Group as such was converted into a European Company, MAN SE, and a separate MAN Group SE-WC and was negotiated (Rehfeldt 2011).

Detailed studies of the negotiation process behind the establishment of the works council (and board) at MAN Diesel SE in 2006 and of the negotiation process behind the establishment of the works council (and board) at MAN SE in 2009 have been conducted (Knudsen & Müller 2008; Rehfeldt 2011; Rehfeldt et al. 2011). The focus of this study is somewhat different, as it investigates the employee influence experienced by local managers and shop stewards in the daily work of the SE-WC in MAN Diesel & Turbo SE in the years after the creation of the works council. More specifically, the idea is to investigate the effect of the conversion of a EWC into a SE-WC on the influence experienced by employee representatives from a non-headquarter production site.

Evaluation of employee influence in the SE-WC

The analysis of the interviews with the site manager and the shop stewards from the MAN Diesel & Turbo production facility in Copenhagen is structured in four themes. Each theme focuses on different aspects of the influence experienced by the shop stewards by participating in the SE-WC. In sum, both shop stewards and the site manager report about an increase in influence for the Danish shop stewards compared to the former EWC. This is not only the case at European level (the SE-WC), but also at local level (the local works council).

Employee representation at European level: direct communication and influence in relation to top management

Shop steward 2, who is the current Danish representative in the MAN Diesel & Turbo SE-WC, explains how his participation at the works council gives him an easy access to important information from top management and to respond to (and sometimes to correct) the information they have:

If there is a problem, the SE-WC can invite management to give a report. This gives me, a shop steward on the shop floor, the opportunity to talk directly with managers at the very top of the company and ask them questions. This is good and gives us a good

communication. It removes some of the filter in the system, which will always exist in an organization. The higher you want to get, the more filters you have to cross, and the story gets better every time. That is why I appreciate direct communication. (Shop steward 2)

The shop steward emphasizes that this direct communication with top management is especially important when it concerns considerations about the number of production plants, where the competition between the different sites are at its maximum:

It is crucial to be represented and to receive the information directly, because it gives you the opportunity to respond immediately. (…) I want to participate in discussions that concerns the future of our plant. If top management has received wrong information, because somebody wants to look better than they really are, it is nice for me to be able to say: ''Look, the correct figures are like this'' (…) It is important to be able to do this immediately, because when the decision has been made, you cannot do anything. The structure is too big for that. You have to make sure that your opinion is heard in time, when decisions still can be postponed. Then you will be able to have some influence on the decision. If you are part of the SE-WC you will be able to do that. (Shop steward 2)

Here, the current representative from the Copenhagen production site explains the difference it makes for him to participate in the SE-WC. Instead of receiving *information* from top management after decisions have been made, he is able to receive information before and during the decision making process and take part in *consultation*. The important thing is to receive information and participate in consultations on *strategic* issues at the same time as employee representatives from other productions sites. This leaves the representatives in the SE-WC with a somewhat similar bargaining power towards management. The question is, however, whether this was also the case in the former EWC.

From EWC to SE-WC: equal information and broader representation

The other shop steward (Shop steward 1) that negotiated the conditions for the SE-WC explains that the influence they have access to today is not the same as in the former EWC (the Euroforum). In his opinion, the degree of influence in the SE-WC is much higher, because the SE regulations made it possible for him to negotiate a written rule on the information all representatives should receive before meetings. This has made it easier for non-headquarter representatives to prepare for the meetings and has con-

tributed to a more equal orientation of non-headquarter and headquarter representatives:

The company wanted the SE agreement to follow the minimum requirements on information and consultation in the EU directive, but we said: ''You can forget about that''. The thing is, if the employees say no to the agreement, there will be no SE, and things will stay like they are. I did not want to stick with what we already had, but I said: ''If that is what it takes to make the company agree on better conditions, then it is OK with me''. (…) It was a handicap for me in the Euroforum that only the German representatives had access to the papers. I did not receive them because of the secrecy policies. That is why the SE-WC made a difference. It is written very clearly in the SE agreement what we are entitled to receive ahead of meetings, and this was not the case in the old agreement. In those days we had to fight to get the papers. Therefore I demanded that rules on orientation before meetings were included in the SE agreement. In the Euroforum we received the orientation at the meeting, but in the SE-WC we received the orientation ahead of meetings. This meant that I received the same level of information in the SE-WC as I did in the works council at our site in Denmark. The consequence was that we no longer had to watch our papers at the meetings in the SE-WC and we devel-

oped a more open discussion. We had the same papers in our hands and nobody had to watch what they said. (Shop steward 1)

Shop steward 1 describes how he used the de facto right of veto in the SE regulations as an instrument to change the rules on information of participants before meetings, which meant that non-headquarter representatives received the same information as headquarter representatives in the SE-WC (compared to no or limited information in the EWC). This facilitated a change in the way the participants cooperated in the works council. However, the shop steward also used another strategy to increase information levels: to include more countries and production sites in the works council. Only German and Danish representatives participated in the EWC (the Euroforum). However, the Danish shop steward used his vice chair position in the Euroforum to argue for a broader composition of the bargaining team on the employee side, when the SE agreement was to be concluded. The result of this was a broader representation in the bargaining team as well as the new SE-WC:

I was the vice chairman in the Euroforum, when the SE agreement for MAN Diesel was concluded, and therefore they had to listen to me. I succeeded to include the French and the Czech representatives in the negotiations and in the final SE-WC, and this

changed the perspective completely. We also included the Polish representatives, and suddenly there were almost no limits to the information we could receive. I was surprised about the dramatic change in the level of information. It was a big change compared to the Euroforum, which the German representatives more or less had negotiated on their own. (Shop steward 1)

It is interesting that the broader composition of the works council contributes to an increase in influence for all non-headquarter representatives and that the Danish representatives prefer this compared to the composition in the former EWC. Previously, the Danish representatives were the only non-headquarter representatives and had three seats, whereas the German has four. Now they only have two seats out of 14 seats in the SE-WC. They are a smaller minority than before, but report more influence. The fight by shop steward 1 for a broader representation might therefore not only be a fight to give other non-headquarter representatives a voice, but also a fight to increase the degree of his own influence. Here, the number of seats for the individual non-headquarter site does not seem to be decisive for the distribution of bargaining power between headquarter and non-head quarter representatives (the scenario with one large minority). The case study suggests that a broad composition of the works council with non-headquarter representatives from many different countries and production sites is more efficient to balance out differences in bargaining power

(the scenario with several small minorities). One of the reasons to this could be that the process of *intra-organizational bargaining* becomes more complicated, and this makes it more difficult for headquarter representatives to dominate the works council (even if they still hold the chair position and the majority of seats).

Remaining differences in bargaining power: coordination before meetings and choice of language

Although the Danish shop stewards report an increase in influence for the non-headquarter representatives in the SE-WC compared to the former EWC, they still experience some power struggles between the representatives from company headquarters and the other representatives. In spite of a broader representation and rules on equal information before meetings, the headquarter representatives still have some advantages that goes beyond the fact that they hold the majority of seats and the chair position. One of them is that they are able to coordinate their viewpoints in the local works council at company headquarters before the SE-WC meetings. In other words, they can finalise their own *intra-organisational bargaining* before the transnational intra-organisational bargaining takes place in the SE-WC. According to the current Dan-

ish representative, it gives the German representatives an advantage to have reached agreement before the SE-WC meeting:

The German representatives still think that their own works council is the highest authority in the overall company, although in reality it is not. (…) In many cases they have discussed the issues before we meet in the SE-WC, especially if the issues are important. They talk with each other across the table during the SE-WC meetings, and we can hear they have discussed the issues before. (Shop steward 2)

The former Danish representative in the SE-WC confirms this picture, but he also underlines that the SE-WC gives Danish representatives an opportunity to react and protest, if the German representatives run solo on issues that are important for the Danish production sites:

It has improved. More and more issues are discussed jointly in the SE-WC. Even though the chairman is German, the German representatives now understand the consequences of not including the other representatives in the discussion. The chairman can discuss issues with the German representatives, but he cannot discuss issues that af-

fects the Danish production sites without including us in the discussion. We would immediately find out. (Shop steward 1)

One of the aspects that have been important in the power struggle between the headquarter representatives and the other representatives is language. The German representatives have insisted on that the language at all meetings should be German. This gives them an advantage, as it is their mother tongue. However, the Danish shop steward that negotiated the conditions for the SE-WC was able to speak and understand German, and therefore the German representatives were not able to use German for confidential conversations:

It was a problem for the German representatives that I spoke German, and they could not say anything without me hearing what they said. They could not discuss matters privately in the corners, because I would hear it. I was obliged to have a personal interpreter, and I also got a very skilled interpreter. I used her at official meetings, because otherwise I would not be able to follow what happened. (…) I recommended my successor to insist on having a personal interpreter at all meetings instead of joining a German language class. You will never learn enough German to understand everything at the meetings. (Shop steward 1)

The Danish shop stewards describe how they have received more information in the SE-WC than the EWC. This has increased their influence on managerial decisions, for instance via consultation with top management. The higher degree of influence might be a consequence of the new rules on information of all representatives before meetings and a broader composition of the works council. However, the shop stewards do not think that they have reached a situation of completely equal bargaining power among headquarter and non-headquarter representatives. Part of the explanation is that the headquarter representives de facto hold the majority of seats and the chairman position in the SE-WC. However, better possibilities of coordination among headquarter representatives before meetings and the fact that the headquarter representatives have chosen their mother tongue as the meeting language also contributes to this difference.

Whereas the work in the former EWC at MAN Diesel might be characterised as mainly *ethnocentric*, the work in the SE-WC seems to be moving away from this. The question is, however, how far the development goes. The shop stewards on one hand talk about a more open discussion in the SE-WC, but on the other hand they mainly underline the importance of their increased access to defend the interest of their own production site in Copenhagen. The overall picture is therefore a develop-

ment in the direction of a *polycentric* works council, whereas we find less indications of a development in the direction of a *eurocentric* works council.

Access to top management and influence on strategic issues: increased bargaining power in relation to local management

Both shop stewards underline that their participation in the SE-WC has not only increased their influence at the European level - it has also increased their influence at local level. It is especially the information on - and discussion of strategic issues in the SE-WC and the shop stewards consultation with top management on strategic issues that affects their relation with the local management in Copenhagen. The shop stewards' access to information about top management's strategic considerations and ability to ask questions supplies them with a stronger bargaining position, when cooperating with managers in the local works council:

My participation in the SE-WC meant that my discussions with management in the local works council in Copenhagen changed. Suddenly they knew that I knew a lot. I already knew a lot about the things going on in Copenhagen, but then I got the German part, too. And what did that mean? Which investments were they planning, and were they going to outsource or not? They knew that I knew, but they were uncertain about

how much I knew about it, and therefore the local management had to increase their level of information to me. (Shop steward 1)

The local site manager confirms that the shop stewards have increased their influence on strategic issues at headquarters through the SE-WC. In fact, he thinks that they might have a larger influence on such issues than he has, as they get to meet top management directly on a regular basis:

In some areas my influence is largest, but in other areas the shop stewards have a larger influence than me due to the SE-WC. It depends on the issue. I have a very large influence on our local managerial decisions, but I have less influence than the shop stewards when it comes to decisions about where the production facilities should be situated in Europe. (Site manager)

The increased degree of influence in relation to top management for the shop stewards that participate in the SE-WC leads to an increase in influence in relation to management at local level. This is also confirmed by the current shop steward, who explains how he meets with the site manager before and after meetings in the SE-WC.

They consider the SE-WC as a mutual canal of influence for the production site in Copenhagen:

In the old days, employee representatives were only dealing with their own problems in each country, and this made it easier for local management in certain countries to ignore those problems. Now it is possible to report such cases to the SE-WC. This is a good opportunity for the employees. However, it is also a good opportunity for the local management. We talk before the meetings, and he lets me know if there are any questions he wants me to address - questions that he cannot get a reply on at his meetings with other managers, but top management is obliged to answer, if I ask them. (Shop steward 2)

The citation suggests that participation in SE-WCs can increase the influence of employee representatives in relation to local management both in cases, where local cooperation is less developed and in cases, where it is very close. However, it is questionable whether the mutual strategy towards the SE-WC developed by the local manager and shop stewards at the Copenhagen site will be found at the other non-headquarter sites. The current shop steward explains how he and the manager have developed a strong trust-based informal cooperation, which he does not observe

among his German colleagues. To his experience, the German rules on representative work makes it more difficult to create a similar space for informal trust-based discussions:

In Germany, managers and employee representatives are more careful about what they say. (…) There always sits a HR manager next to management, when they answer questions from the works councils. There is always an extra pair of ears and then it gets serious, because witnesses are present. This is not the structure in our Danish production facility. I can talk to my production manager anytime and discuss a lot of problems. We can shout and yell at one another, or we can talk quietly, but the only result of that is, that we become aware of problems that we have to look into and deal with. (Shop steward 2)

It is a bit surprising that both local managers and shop stewards highlight the influence on *strategic* decisions at company headquarters through the SE-WC. One would expect that employee representatives would gain such influence to a larger extent by participation on the SE board, which predominately focus on strategic issues (Van het Kaar 2011). However, the shop steward that negotiated the SE agreement argue that he prefers participation in the SE-WC to participation on the SE board. To his experience,

it is easier to gain influence in relation to management, when shareholders are not present. He refused to join the SE board because he preferred to gain influence through the SE-WC, where discussions with management focus on stakeholder interests (Rose 2005):

I chose not to join the SE board. They suggested that I should join because of my experience, but I refused. I think you get more information and more influence at the level of the works council, which we call SU in Denmark and Betriebsrat in Germany. You sit directly with the managers and explain to them, what is going to happen. When you join the company board, you sit next to some shareholder interests, and they do not necessarily think the same as managers and employee representatives. They do not care about what you say. You can protest and say that you will not sign the accounts , but you need to have strong arguments for that . This is the only time you can have some influence. (Shop steward 1)

The argument made by the shop steward points at some of limitations by focusing on the *degree of influence* and *importance of the subject* in relation to employee influence and leaving out the context and the temporality of decision making. Perhaps employee representatives in general have access to more strategic discussions on the SE board,

but the shop steward prioritises the ability to consult management on a limited number of strategic issues based in the SE-WC. In his eyes, employee representatives and management are stakeholders that share interests and language, which means that he is able to make an influence on the decision making process. In the case of company boards, he thinks employee representatives have little influence on the decision making process and only have access to veto the final decision in the end. Although this veto right theoretically must be classified as a very high degree of influence , he prefers the influence on the process prior to the decision, where the decision is designed and modelled.

Conclusion and discussion

The analysis of the interviews with the two shop stewards from the MAN Diesel & Turbo production site in Copenhagen and the local manager shows that the employee representatives experience a higher degree of influence on managerial decisions at company headquarters by participating in the SE-WC at MAN Diesel & Turbo compared to the previous EWC at MAN Diesel (the Euroforum). This is confirmed by the local site manager. Little or no information ahead of meetings to non-head quarter representatives has been replaced by equal *information* to headquarter and non-headquarter representatives ahead of meetings. This is used as a fundament for a more qualified

consultation with top management when needed. In combination with a broader composition of the works council, which might have made *intra-organizational bargaining* processes more difficult to control for the headquarter representatives, this has created a more open discussion and a more balanced distribution of bargaining power in the works council. The right of veto in the SE regulations was used explicitly by one of the Danish employee representatives to change the rules of information and the composition of the works council. In other words, the case study indicates that the conversion of a EWC to a SE-WCs (and the participation in a SE-WC) can be an attractive alternative for employee representatives at company sites in countries without headquarter presence. The re-negotiation of the works council has in the case of MAN Diesel & Turbo allowed the non-headquarter representives from Copenhagen to increase their influence on *strategic* issues that are of decisive importance for the Copenhagen production site. In sum, there are signs that the cooperation in the transnational works council at MAN Diesel & Turbo has moved away from an *ethnocentric* approach and towards a *polycentric* approach. However, there is still some difference in bargaining power between headquarter and non-headquarter representatives, which is caused by other things than the number of seats and the distribution of chair positions (the ability to coordinate before meetings, the choice of meeting language). This means that it has not yet been possible to develop in the direction of a *eurocentric* works council.

The study also indicates that local management at non-headquarter production sites can gain from the employee representatives' improved access to the top management via the SE-WC. In fact, shop stewards might receive more information on strategic decisions through the SE-WC than local management does from other managers. This supplies the shop stewards with a stronger bargaining position in their relation with local management. However, the trust-based informal relationship between the local site manager and the shop stewards a the Copenhagen site might be an important precondition to this side effect, and it is therefore questionable if it would be found at other non-headquarter sites, where local cooperation is predominately formal and characterised by lower levels of trust.

It is an open question, whether the headquarter representatives in the SE-WC experience the same increase in influence as the non-headquarter representatives from Denmark. They are already close to top management and cooperate with them through the local works council (Betriebsrat). Furthermore, we do not know whether the broader composition of the SE-WC has led to a decrease in their influence in this forum, as the headquarter representatives have not been included in the case study. Another option is that all representatives to varying degrees have experienced increased influence in the SE-WC. This works council is the second (or third) generation of transnational works councils in the company, and other studies of formal represen-

tation at company level show that re-negotiations of local cooperation structures tend to improve those structures and the quality of the cooperation between the participants (Navrbjerg 2005). Everybody have learned from prior negotiations and the implementation in practice and can use these experiences to refine the next agreement.

Finally, it is interesting that one of the Danish shop stewards interviewed prefers participation in the SE-WC to the participation in the SE board. Danish studies of employee participation at company boards demonstrate how employee representatives gain access to more discussions on tactical and strategic issues at board level than through works councils (Christensen & Westenholz 2001; Rose 2005). However, one of the shop stewards reports that he has gained more influence on such issues in local works councils than in local company boards in Denmark. He thinks that this might be even more so at the European level. The other shop steward also underlines the importance of being able to affect the early stages of decision making processes in the SE-WC and prefers this influence to influence on the final decision. One possible explanation to their statements could be that the *importance of the subject* and the *degree of influence* are not the only important parameters when it comes to employee influence. The types of interest represented in the discussion (stakeholder vs. shareholder interest) is an important context for the *quality* of the employee influence that can be obtained. Even though the access to tactical and strategic discussions is expected to be

more limited in the SE-WC than in the SE board, the possible influence on such issues in SE-WCs might be more relevant because it arrives at management in a setting and at a time, where decisions can still be adjusted. It can be more attractive for employee representatives to gain some influence on the process (the substance and the design of the decision) than ultimate veto rights on the final decision. Further studies that include employee experiences from the SE boards are needed to investigate if this hypothesis is true.

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